

Service data, see for example, Comments of McGraw-Hill, Inc.

The Postal Service filed comments in response to the Advance Notice. It suggests that rate and classification requests could be improved if consideration were given to reducing the amount of information which the Postal Service is required to provide in support of its requests. It suggests that the Commission "canvass the postal community as to which of the Postal Service's filings are actually used in the course of Commission litigation." Response of the United States Postal Service to Request for Comments at 5.

The rules applicable to requests for changes in rates and fees describe the scope of supporting information which the Postal Service must provide, see rules of practice 54(b)-(r). The rules applicable to requests for changes in the Domestic Mail Classification Schedule describe the scope of supporting information which the Postal Service must provide, see rules of practice 64(b)-(h). The vast preponderance of these rules relate to the rationale supporting the Postal Service request, or estimates of the effect on costs, volumes, and revenues should the proposed changes be accepted.

This request for information is being sent to participants in the last two omnibus rate cases, Docket Nos. R94-1 and R90-1. Recipients are requested to comment on whether current rules of practice 54(b)-(r) or 64(b)-(h) require the Postal Service to provide information which is either not helpful to participants or likely to be largely irrelevant to issues in rate and classification cases. Respondents are asked to indicate either specific rules or subjects which might be eliminated without reducing the Commission's ability to issue recommended decisions which comport with applicable statutory criteria.

Respondents are assured that this remains a preliminary stage in the effort to streamline Commission proceedings. No changes will be made in this proceeding without providing interested persons an opportunity to comment on specific proposals. Nonetheless, responses on the general topic of whether current filing requirements are unnecessarily burdensome to the Postal Service will assist the Commission to direct the focus of subsequent phases of this rulemaking, and submissions on this proposition by interested participants will be extremely helpful.

By direction of the Commission.

**Margaret P. Crenshaw,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35482; File No. 600-25]

### Self-Regulatory Organizations; Participants Trust Company; Notice of Filing of Request and Order Approving Application for Extension of Temporary Registration as a Clearing Agency

March 13, 1995.

On February 28, 1995, the Participants Trust Company ("PTC") files with the Securities and Exchange Commission ("Commission") a request pursuant to section 19(a) <sup>1</sup> of the Securities Exchange Act of 1934 ("Act") for extension of its registration as a clearing agency under Section 17A <sup>2</sup> of the Act for a period of one year.<sup>3</sup> The Commission is publishing this notice of filing of request and order to solicit comments from interested persons and to grant PTC's request for an extension of its temporary registration as a clearing agency through March 31, 1996.

On March 28, 1989, the Commission granted PTC's application for registration as a clearing agency pursuant to Sections 17A(b)(2) and 19(a) <sup>4</sup> of the Act on a temporary basis for a period of one year.<sup>5</sup> Subsequently, the Commission issued orders that extended PTC's temporary registration as a clearing agency, the last of which extended PTC's registration until March 31, 1995.<sup>6</sup>

As discussed in detail in the initial order granting PTC's temporary registration,<sup>7</sup> one of the primary reasons for PTC's registration was to develop depository facilities for mortgage-backed securities, particularly securities guaranteed by the Government National Mortgage Association ("GNMA"). PTC services include certificate safekeeping,

book entry deliveries, an automated facility for the pledge or segregation of securities, and other services related to the immobilization of securities certificates.

PTC continues to make significant progress in the areas of financial performance, regulatory commitments, and operational capabilities. For example, the par value of GNMA securities on deposit at PTC has grown from \$850 billion on December 31, 1993, to \$967 billion on December 31, 1994, with average monthly GNMA I principal and interest distributions processed by PTC increasing from \$13.5 billion in 1993 to \$103.9 billion in 1994. The par value of VA REMICs on deposit at PTC has grown from \$4.634 billion on December 31, 1993, to \$7.256 billion on December 31, 1994. The average monthly transaction volume processed by PTC has grown from 309,000 in 1993 to 353,225 in 1994.<sup>8</sup> PTC also has expanded its product base with the designation of GNMA REMICs,<sup>9</sup> GNMA Platinum securities,<sup>10</sup> and certain Freddie Mac REMICs backed by GNMA securities<sup>11</sup> as depository eligible securities. In addition, PTC declared a dividend of \$1.00 per share to stockholders of record on December 31, 1994.<sup>12</sup>

PTC also continued its efforts over the past year to implement operational and procedural changes in connection with PTC's temporary registration.<sup>13</sup> For

<sup>8</sup> *Supra* note 3.

<sup>9</sup> Securities Exchange Act Release No. 34154 (June 3, 1994), 59 FR 30073.

<sup>10</sup> Securities Exchange Act Release No. 35044 (December 2, 1994), 59 FR 63847.

<sup>11</sup> Securities Exchange Act Release No. 34472 (August 1, 1994), 59 FR 40397.

<sup>12</sup> Securities Exchange Act Release No. 35205 (January 9, 1995), 60 FR 3444.

<sup>13</sup> In connection with PTC's original temporary registration, PTC committed to the Commission and to the Federal Reserve Bank of New York to make a number of operational and procedural changes which include:

- (1) Eliminating trade reversals from PTC's procedures to cover a participant default;
- (2) Phasing out the aggregate excess net debit limitation for extensions under the net debit monitoring level procedures;
- (3) Making principal and interest advances, now mandatory, optional;
- (4) Allowing participants to retrieve securities in the abeyance account and not allowing participants to reverse transfers because customers may not be able to fulfill financial obligations to the participants;
- (5) Eliminating the deliverer's security interest and replacing it with a substitute;
- (6) Reexamining PTC's account structure rules to make them consistent with PTC's lien procedures;
- (7) Expanding and diversifying PTC's lines of credit;
- (8) Assuring operational integrity by developing and constructing a back-up facility; and
- (9) Reviewing PTC rules and procedures for consistency with current operations.

<sup>1</sup> 15 U.S.C. 78s(a)(1) (1988).

<sup>2</sup> 15 U.S.C. 78q-1 (1988).

<sup>3</sup> Letter from John J. Scappa, President and Chief Executive Officer, PTC, to Jerry Carpenter, Assistant Director, Division of Market Regulation, Commission (February 28, 1995).

<sup>4</sup> 15 U.S.C. 78q-1(b)(2) and 78s(a) (1988).

<sup>5</sup> Securities Exchange Act Release No. 26671 (March 28, 1989), 54 FR 13266.

<sup>6</sup> Securities Exchange Act Release Nos. 27858 (March 28, 1990), 55 FR 12614; 29024 (March 28, 1991), 56 FR 13848; 30537 (April 9, 1992), 57 FR 12351; 32040 (March 23, 1993), 58 FR 16902; and 33734 (March 8, 1994), 59 FR 11815.

<sup>7</sup> *Supra* note 5.

example, PTC eliminated the Deliverer's Security Interest from its rules in response to its commitment made to the Commission and the Federal Reserve Bank of New York.<sup>14</sup>

PTC has functioned effectively as a registered clearing agency for the past six years. In light of PTC's past performance, the Commission believes that PTC has the capacity to comply with the statutory obligations set forth under Section 17A(b)(3) of the Act<sup>15</sup> as the prerequisites for registration as a clearing agency. Comments received during PTC's temporary registration will be considered in determining whether PTC should receive permanent registration as a clearing agency under Section 17A(b) of the Act.<sup>16</sup>

#### *Solicitation of Comments*

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the request for extension of temporary registration as a clearing agency that are filed with the Commission, and all written communications relating to the requested extension between the Commission and any person, other than those that may be withheld from the public in accordance with provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of PTC. All submissions should refer to File No. 600-25.

#### *Conclusion*

On the basis of the foregoing, the Commission finds that PTC's request for extension of temporary registration as a clearing agency is consistent with the Act and in particular with Section 17A of the Act.

*It is therefore ordered*, That PTC's temporary registration as a clearing agency (File No. 600-25) be, and hereby is, extended through March 31, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Release No. 34-35478; Rile No. SR-MSTC-95-05]

#### **Self-Regulatory Organizations; Midwest Securities Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Distribution of Reorganization Processing Reports and Notices**

March 13, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> ("Act"), notice is hereby given that on March 3, 1995, the Midwest Securities Trust Company ("MSTC") filed with Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by MSTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### **I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The purpose of the proposed rule change is to amend MSTC's procedures regarding distribution reorganization notices and reports. Effective March 3, 1995, hard copy reports will only be distributed upon request to those participants who have access to MSTC's On-Line Report Availability ("ORA") function.

#### **II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, MSTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. MSTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

#### **(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

The purpose of the proposed rule change is to reduce participant cost by distributing certain reorganization processing reports and notices electronically through MSTC's ORA function to those participants who have terminal access. In an earlier proposed rule change,<sup>2</sup> MSTC amended its procedures regarding the distribution of reports and notices. In that filing, MSTC stated that it would distribute certain of those reports in hard copy form. Effective March 3, 1995, hard copy reports will only be distributed upon request to those participants who have access to MSTC's ORA function.

MSTC believes the proposed rule change is consistent with the requirements of the Act, specifically with Section 17A of the Act, and the rules and regulations thereunder because the proposal will facilitate the prompt and accurate clearance and settlement of securities transactions.

#### **(B) Self-Regulatory Organization's Statement on Burden on Competition**

MSTC believes that no burden will be placed on competition as a result of the proposed rule.

#### **(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others**

No written comments have been solicited or received. MSTC will notify the Commission of any written comments received MSTC.

#### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>3</sup> of the Act and pursuant to Rule 19b-4(e)(4)<sup>4</sup> promulgated thereunder because the proposal effects a change in an existing service that does not adversely affect the safeguarding of securities of funds in MSTC's custody or control or for which it is responsible and does not significantly affect the respective rights or obligations of MSTC or persons using MSTC's services. At any time within sixty days of the filing of such rule change, the Commission

<sup>14</sup> Securities Exchange Act Release No. 34701 (September 22, 1994), 59 FR 49730.

<sup>15</sup> 15 U.S.C. 78q-1(b)(3) (1988).

<sup>16</sup> 15 U.S.C. 78q-1(b) (1988).

<sup>17</sup> 17 CFR 200.30-3(a)(50)(i) (1994).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

<sup>2</sup> For a description of MSTC's changes to its reorganization processing system, refer to Securities Exchange Act Release No. 35293 (January 30, 1995), 60 FR 6741 [File No. SR-MSTC-94-19] (notice of filing and order granting accelerated approval of proposed rule change).

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

<sup>4</sup> 17 CFR 240.19b-4(e)(4) (1994).